



Media Report for The Tasmanian Department of Economic Development and Tourism 24-30 January 2009

Politics/Economy/Social

Saturday, 24 January, 2009

Govt To Provide Public Funds To Non-financial Firms

The government plans to make infusions of public funds available to industries beyond the banking sector as a way to support non-financial companies hit by the global economic downturn.

The government has injected capital into banks and trust banks before, but the proposed framework would be the first of its kind in Japan specifically meant to assist non-financial firms. By casting a broader safety net, the government aims to help companies bounce back from sluggish earnings. It also hopes that the infusions will encourage private-sector financial institutions and others to invest in businesses or provide loans, helping to stabilise the domestic economy.

Under the proposed framework, the government will earmark several hundred billion yen for the current fiscal year. The Development Bank of Japan will screen the firms seeking funding and carry out the capital infusions. The Japan Finance Corp., a public lender, will raise the funds by obtaining loans from the government or accessing the market with the backing of government guarantees.

Legislation for fiscal 2008's second supplementary budget sets aside 1 trillion yen for low-interest-rate loans to support corporate funding activities in a program administered through DBJ. The government's capital infusion framework would tap some of these funds as well.

To prevent companies with long ailing operations from using the funds as a lifeline, the DBJ will closely assess firms' growth potential and other factors. Specifically, the bank is likely to focus on companies that have broad connections to peripheral industries and play core roles in particular regional economies. The public funds will also target firms with strong technologies and growth potential experiencing a temporary shortage of capital as well as companies aggressively pursuing mergers and acquisitions.

With a growing chorus in the ruling coalition urging a sharp increase in safety net funding, the amount set aside for public fund infusions could end up ballooning to several trillion yen.

(Summarised from the Nikkei Saturday morning edition)

Monday, 26 January, 2009

Newcomer Wins Yamagata Election, Dealing Blow To Aso

Opposition-backed newcomer Mieko Yoshimura defeated incumbent Gov. Hiroshi Saito in Sunday's election in Yamagata Prefecture. Voter turnout came to 65.5 percent, up 6.2 percentage points from the previous election, with Yoshimura collecting 320,324 votes against 309,612 for Saito. Yoshimura will become the fourth female governor in office in Japan, following those in Chiba, Hokkaido and Shiga prefectures.

(Summarised from the Nikkei Monday morning edition)

Industry/Market – Australia

Friday, 30 January, 2009

Bucking Trend, Some Foreign Firms Betting On Japan's Real Estate

While most foreign financial institutions and funds have pulled their money out of the sluggish real estate market in Japan, some are aggressively going against this trend on the view that it is now a good time to buy.

LJ Hooker, a real estate franchise group that operates mainly in Australia, will make a full-scale entry into the Japanese market this year. Through its local unit, it plans to launch real estate broker operations for used single-family houses and other properties in Tokyo and Sapporo.

The company hopes to attract money from overseas to Japan by communicating information about Japanese real estate abroad through its network of some 800 franchises in the Asia-Oceania region.

(Abstract from Nikkei Business Daily Friday edition)

Industry/Market/Trends – Japan

Wednesday, 28 January, 2009

Snow Brand, Nippon Milk Announce Merger Into All-Around Dairy

Snow Brand Milk Products Co. will merge with Nippon Milk Community Co., the milk business it spun off in 2003, in an effort to overcome supply constraints and a shrinking domestic market, the two firms announced Tuesday. Nippon Milk was born in 2003 when Snow Brand divested its milk business. At the time, Snow Brand was reeling from a food poisoning incident and a scandal involving falsely labelled beef.

The third-ranked Snow Brand and the fourth-ranked Nippon Milk will set up a holding company. The holding company will trade on markets including the Tokyo Stock Exchange,

with Snow Brand to delist. Sales in the year ending March 2014 are targeted at 590 billion yen, up 12% from the outlook for the current fiscal year. Operating profit is forecast at 20 billion yen, up 67%.

A total of 80 billion yen will be spent over the next five years to expand production and improve efficiency, and more than 10 billion yen will be invested in research and brand development. The combined firm will aim for the top shares in both the yogurt and milk markets. It has gotten back on its feet by strengthening its line-up of cheeses and other dairy products. But a string of dairy closings has raised concerns about the domestic milk supply. Amid a limited supply, milk for drinking tends to fetch a higher price than milk for processing, a fact that led to last year's shortages of butter on store shelves.

Meanwhile, Nippon Milk is facing its own problems. Demand for milk is declining as the population ages, causing prices to fall and profit margins to thin. "Dairy companies are weathering unprecedented changes," President Konose said at Tuesday's news conference.

In the end, both firms decided that a comprehensive dairy products company was the best fit after all. The merger will enable them to roll out more flexible pricing strategies in negotiations with retailers, which are boosting their bargaining power through their own expansions.

Konose said the National Federation of Agricultural Cooperative Associations -- the top shareholder for both firms -- supports the merger, which is expected to improve profitability for Japan's dairies.

(Summarised from The Nikkei Wednesday morning edition)

Thursday, 29 January, 2009

Mitsui Engineering, Showa Denko To Sell Eco-Friendly Materials

Mitsui Engineering & Shipbuilding Co. and petrochemical producer Showa Denko KK aim to commercialize environmentally benign materials in a bid to diversify earnings.

Mitsui Engineering is to begin manufacturing lithium iron phosphate for use as positive electrodes in the lithium ion batteries to be installed in electric cars. Batteries using conventional lithium cobalt oxide have a life of roughly one to two years. But since lithium iron phosphate has a stable crystalline structure, these batteries are expected to last at least 10 years. When the material is used in batteries for mobile phones, recharging will theoretically take a mere three minutes.

The manufacturer will spend a few hundred million yen at its Chiba Prefecture facility to build a plant able to churn out 6 tons of lithium iron phosphate a month. It hopes that battery manufacturers will begin using the material this summer, and aims to build a factory in two to three years to kick off full-scale mass production. Initially, it sees the business generating 1-2 billion yen a year.

Meanwhile, Showa Denko will bring to market a light-emitting material to be used in organic electroluminescent (OEL) lighting. This spring, it will invest nearly 1 billion yen at its Chiba

Prefecture base to install infrastructure for applying light-emitting materials on substrates to make lighting parts.

The company will begin sample shipments to electronics manufacturers and others by year's end, touting the fact that its new material consumes roughly 25% of the energy of mainstay offerings. Once volume production gains momentum, Showa Denko anticipates manufacturing costs in 2012 to be almost level with that for fluorescent lights.

(The Nikkei Thursday morning edition)

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